

NORTH MASON SCHOOL DISTRICT NO. 403
Mason County, Washington
September 1, 1993 Through August 31, 1994

Schedule Of Federal Findings

1. Payroll Costs Charged To Federal Grants Should Be Supported By Timesheets

The district did not have a system to ensure that time and effort records were maintained for federal grants.

The *Common Rule For Uniform Administrative Requirements For Grants And Cooperative Agreements With State And Local Governments* (Common Rule) and OMB Circular A-87, *Cost Principles*, established federal requirements for documentation and allowability of cost chargeable to federal grant programs. Among those requirements are:

- a. Grantee financial management systems shall provide for records that identify adequately the source and application of funds for grant supported activities. (Common Rule)
- b. Amount charged to grant programs for personal services will be based on payrolls supported by time and attendance or equivalent records for individual employees. (OMB Circular A-87)
- c. Salaries and wages of employees chargeable to more than one cost objective must be supported by time distribution records. (OMB Circular A-87)

Although a form was developed for time and effort reporting, no one was assigned the responsibility for determining that time and effort was submitted each month by all employees chargeable to federal grants.

We were able to verify to our satisfaction, through alternative testing, the payroll charges were valid. However, one of the conditions to receive federal grant money is that time and effort records be kept.

We recommend the district ensure that time and effort records are maintained for all employees charged to federal grants.